

**PUBLIC DISCLOSURE**

FEBRUARY 28, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

METROPOLITAN CREDIT UNION

200 REVERE BEACH PARKWAY  
CHELSEA, MA 02150

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **METROPOLITAN CREDIT UNION (or the Credit Union)** prepared by the Division, the institution's supervisory agency, as of **FEBRUARY 28, 2005**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

**INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory."**

Metropolitan Credit Union's overall CRA performance reflects the degree of its commitment in helping to meet the credit needs within its defined assessment area. The Credit Union was evaluated according to the CRA Large Institution Examination Procedures, involving two tests, namely the Lending Test and the Service Test. These tests were conducted to determine the Credit Union's overall CRA performance rating for calendar years 2003 and 2004.

### **LENDING AND SERVICE TEST TABLE**

The following table indicates the performance level of **METROPOLITAN CREDIT UNION, CHELSEA, MA**, with respect to the lending and service tests.

<b>PERFORMANCE TESTS Metropolitan Credit Union</b>		
<b>Performance Levels</b>	Lending Test*	Service Test
Outstanding		
High Satisfactory	<b>X</b>	<b>X</b>
Satisfactory		
Needs to Improve		
Substantial Non-Compliance		

\*Note: The Lending Test is weighed more heavily than the Service Test when arriving at an overall rating.

## DESCRIPTION OF INSTITUTION

Metropolitan Credit Union is a financial institution that was chartered in 1926 by the Commonwealth of Massachusetts. The Credit Union's by-laws limit membership to "...people living, working, and having a place of business in the following counties: Essex, Middlesex, Norfolk and Suffolk (As amended November, 1981, approved February 12, 1982); Worcester (As amended November, 1983 approved January 26, 1984); Plymouth (As amended November 1985 approved October 22, 1986); Barnstable (As amended December, 2003 approved January, 2004)."

As of December 31, 2004, the institution had total assets of \$576,713,573 and a loan portfolio totaling \$415,448,299 million or 72.0 percent of the institution's total assets. As of December 31, 2004, loans by number, total 41,437. The largest category of loans by number is comprised of unsecured credit card loans. The largest portion in dollar amount is residential first mortgages. First mortgage real estate loans represent 49.8 percent of the total loan portfolio. Other real estate loans/lines of credit are next with 25.8 percent, followed by unsecured credit card loans with 7.6 percent. Used vehicle loans represent 7.02 percent of the total loan portfolio. The remaining portfolio consists of new vehicle loans, other unsecured loans, and other loans each representing less than 5 percent of the loan portfolio. Refer to the following chart.

**Loan Portfolio Composition**

<b>Loan Type</b>	<b>Amount (\$)</b>	<b>Percent</b>
First Mortgage Real Estate	206,935,063	49.81
Other Real Estate	107,286,587	25.82
Unsecured Credit Card	31,545,672	7.59
Used Vehicle	29,149,205	7.02
New Vehicle	19,667,006	4.74
Unsecured	18,147,759	4.37
All Other	2,707,007	0.65
<b>Total</b>	<b>415,448,299</b>	<b>100.00</b>

Source: 5300 Report, Statement of Financial Condition as of December 31, 2004.

The Credit Union actively sells residential mortgages in the secondary mortgage market. Participation in the secondary mortgage market allows the Credit Union to offer a variety of fixed-rate and adjustable-rate mortgage loan products. Primarily these mortgages are sold to the Federal Home Loan Bank (FHLB) or the Federal National Mortgage Association (FNMA). During calendar year 2004, the Credit Union sold 85 loans to FHLB totaling \$16,031,263 and 9 loans were sold to FNMA totaling \$2,230,250.

### ***Retail Credit Union Products and Services***

The Credit Union's main office is located at 200 Revere Beach Parkway in Chelsea. Based on the 2000 census information this location is situated in a moderate-income census tract. The Credit Union maintains 5 additional full-service branches with details in the following table.

Branch	Location	Census Tract Designation
Chelsea	90 Spruce Street	Low
Burlington	120 Cambridge Street	Middle
Framingham	233 Cochituate Road	Middle
Lawrence	215 South Broadway	Moderate
Peabody	68 Main Street	Moderate

Automated Teller Machines (ATMs) are maintained at each office location, with the main office providing two ATMs. The ATM networks used include NYCE, Cirrus, TX and Exchange. The Credit Union is also a member of the SUM network of ATMs, a surcharge-free alliance of several financial institutions that include thousands of ATMs throughout New England. Thus, the Credit Union customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM logos.

Business hours at all branch locations are from 9:00 a.m. to 5:00 p.m. Monday, Tuesday and Wednesday with extended hours on Thursday and Friday afternoon to 6:00 p.m. and Saturday morning from 9:00 a.m. to noon. Drive-up teller service is available at the main office location and is open 90 minutes earlier on weekday mornings and 30 minutes earlier on Saturday mornings. Office hours are convenient and appear to be accessible to all members.

### **CRA Committee**

The Credit Union has a CRA committee that meets, at a minimum, quarterly but often monthly. The committee discusses CRA related issues pertaining to both the industry in general and the Credit Union specifically. The committee is comprised of the Senior Vice President/Financial Services, the Vice President/Lending, and the Senior Vice President/Retail Services.

### **Community Contact**

A community contact was conducted with a local non-profit organization. The Development Director who was interviewed stated that she hoped that the financial institutions in the area would recognize the importance of local non-profit organizations and initiate some investment and participation.

The Division of Banks last examined the Credit Union for compliance with CRA on November 7, 2001. The Credit Union's CRA performance was rated "Satisfactory" at that time.

Based upon the Credit Union's financial condition, size, product offerings, and branch network, the Credit Union's ability to meet community credit needs is considered strong.

There are no apparent financial or legal impediments that would limit the Credit Union's ability to help meet credit needs within the assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

### **Demographic and Economic Data**

The Credit Union's assessment area consists of 38 cities and towns located in four counties and three Metropolitan Statistical Areas (MSAs). The cities of Chelsea and Revere and the town of Winthrop are within Suffolk County. The cities of Beverly, Lawrence, Lynn, Peabody, and Salem and the Towns of Andover, Danvers, Lynnfield, Marblehead, Methuen, Nahant, Saugus and Swampscott are within Essex County. The cities of Cambridge, Everett, Malden, Medford, Melrose, Newton, Somerville, and Woburn and the towns of Arlington, Belmont, Billerica, Burlington, Framingham, Natick, North Reading, Reading, Stoneham, Wakefield, Watertown, Wilmington, and Winchester are within Middlesex County. The Town of Wellesley is located in Norfolk County. All cities and towns are located within the Boston MSA, with the exception of Billerica which is located in the Lowell MSA and Lawrence, Andover and Methuen which are located within the Lawrence MSA.

In June 2003, new MSA boundaries were defined by the Office of Management and Budget (OMB) to be effective January 2004. The new definitions resulted in changes to the boundaries of many existing MSAs and the creation of new statistical areas – Metropolitan Divisions (MDs). These changes affected the Credit Union's assessment area as it now includes parts of the Boston-Quincy and the Cambridge-Newton-Framingham MDs.

The Credit Union's assessment area is comprised of 300 census tracts. Census tracts are defined as either low, moderate, middle, or upper-income based on the Median Family Household Income (FHI) within the census tract. The designation of census tracts shifted from 2003 to 2004. The Credit Union's assessment area consists of 21 low-income census tracts in 2004 or 7 percent of the total number of census tracts. This number decreased from the 25 low-income census tracts in 2003. In 2004, 77 or 25.67 percent were moderate-income. This number increased from 66 in 2003. In 2004 143 or 47.67 percent were middle-income. This number increased by 10 since 2003. In 2004 the number of upper-income census tracts decreased from 76 to 59 or 19.67 percent.

The Credit Union faces competition from other institutions that operate within the assessment area. Aggregate Home Mortgage Disclosure Act (HMDA) data for 2003 indicated that the Credit Union ranked 63rd in market share, representing .30 percent, out of a total of 621 HMDA-reportable mortgage lenders that made loans within the assessment area in 2003. Countrywide Home Loans ranked number 1 followed by Washington Mutual Bank, FA representing 9.61 percent and 7.69 percent in market share, respectively. Other HMDA reporters within the vicinity's competitive mortgage market include large national and regional lenders. The Credit Union also experiences competition from other bank and non-bank mortgage lenders that conduct business in the local area, such as Cambridge Savings Bank, GMAC Mortgage Corporation, and Wells Fargo Home Mortgage.



## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

In accordance with 209 CMR 46.23 Credit Unions will not be evaluated under the Investment Test except as provided under 209 CMR 46.61 (6) (c), which states, in part, "In assessing whether a credit union's performance is "high satisfactory" or "outstanding" the Commissioner will also consider the credit union's performance in making qualified investments and community development loans to the extent authorized under law."

### **LENDING TEST**

The institution's Lending Test performance was rated an overall "High Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the Credit Union's performance.

#### **Scope of Evaluation**

This performance evaluation assesses the Credit Union's performance under the Lending and Service Tests. The evaluation included an analysis of Home Mortgage Disclosure Act (HMDA) reportable loans reported during the period January 1, 2003, through December 31, 2004. In addition, residential loan data of competing institutions was analyzed for 2003, the latest data available for comparison of aggregate residential loan information.

#### **I. Lending Activity**

From January 1, 2003, through December 31, 2004, the Credit Union originated 1,649 HMDA-reportable loans totaling \$206,754,000. As the following table indicates, the majority of home mortgage loans were originated within the assessment area. Of the total HMDA loans originated during this period, 951 or 57.7 percent by number and 57.6 percent by dollar volume, were granted within the Credit Union's assessment area. Although both the number and dollar volume of the Credit Union's loans are considered, the number of originations is weighed more heavily than the dollar volume.

Distribution of Home Mortgage Loans Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar Amount		Number of Loans		Dollar Amount	
	#	%	\$ (000s)	%	#	%	\$(000s)	%
2003	575	57.3	72,369	56.2	429	42.7	56,418	43.8
2004	376	58.3	46,756	60	269	41.7	31,211	40
Totals	951	57.7	119,125	57.6	698	42.3	87,629	42.4

Source: HMDA Disclosure Statements

## II. Geographic Distribution

The Credit Union's penetration of census tracts of different income levels is considered good. HMDA-reportable loans originated by the Credit Union were analyzed to determine the extent of loan penetration within the assessment area's low- and moderate-income geographies. For this evaluation period, the Credit Union has made at least one loan in most of the area's census tracts.

As the following table illustrates, the distribution of the Credit Union's HMDA-reportable loans originated within the assessment area's low- and moderate-income census tracts exceeds the aggregate. In addition, the Credit Union's level of lending within the low- and moderate-income tracts is proportionately higher, by percentage, than the owner occupancy rate within these areas. This pattern has been consistent throughout the two-year period. The Credit Union's performance is an indication of its commitment to originating loans within the assessment area's low- and moderate-income census tracts. It is further noted that the concentration of owner-occupied housing units is within the middle-income census tracts, yet loan distribution is equitably distributed between the moderate and middle-income census tracts. The distribution by dollar volume indicates a similar pattern.

<i><b>Distribution of HMDA Loans by Income Category of the Census Tract</b></i>								
<i><b>Census Tract Income Level</b></i>	<i><b>% Total Owner- Occupied Housing Units</b></i>	<i><b>Aggregate Lending Data(% of #)</b></i>	<i><b>2003</b></i>		<i><b>2004</b></i>		<i><b>Total</b></i>	
		<i><b>2003</b></i>	<i><b>#</b></i>	<i><b>%</b></i>	<i><b>#</b></i>	<i><b>%</b></i>	<i><b>#</b></i>	<i><b>%</b></i>
<i><b>Low</b></i>	2.03	2.77	25	4.35	7	1.86	32	3.40
<i><b>Moderate</b></i>	15.18	15.10	113	19.65	106	28.19	219	23.00
<i><b>Middle</b></i>	50.52	48.72	303	52.70	226	60.11	529	55.60
<i><b>Upper</b></i>	32.27	33.41	134	23.30	37	9.84	171	18.00
<i><b>Total</b></i>	<b>100.00</b>	<b>100.00</b>	<b>575</b>	<b>100.00</b>	<b>376</b>	<b>100.00</b>	<b>951</b>	<b>100.00</b>

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

## III. Borrower Characteristics

The distribution of loans reflects good penetration among borrowers of different income levels. For comparison, the distribution of the assessment area's 567,843 households by borrower income level and 2003 aggregate data is indicated in the following table.

<i><b>Distribution of HMDA Loans by Borrower Income</b></i>								
<i><b>Median Family Income Level</b></i>	<i><b>% Total Households</b></i>	<i><b>Aggregate Lending Data (% of #) 2003</b></i>	<i><b>2003</b></i>		<i><b>2004</b></i>		<i><b>Total</b></i>	
			<i><b>#</b></i>	<i><b>%</b></i>	<i><b>#</b></i>	<i><b>%</b></i>	<i><b>#</b></i>	<i><b>%</b></i>
Low	5.95	5.77	44	7.65	50	13.30	94	9.90
Moderate	22.65	18.90	89	15.48	121	32.18	210	22.10
Middle	46.50	26.35	185	32.17	124	32.98	309	32.50
Upper	24.90	33.99	255	44.35	78	20.74	333	35.00
NA		15.00	2	0.35	3	0.80	5	0.50
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>575</b>	<b>100.00</b>	<b>376</b>	<b>100.00</b>	<b>951</b>	<b>100.00</b>

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

While the overall concentration of the Credit Union's residential mortgage loans is slightly higher among upper-income borrowers, the Credit Union's loan distribution among low and moderate-income borrowers combined is slightly higher than that of the aggregate. Loans to low-income individuals is proportionately higher than the 5.95 percent of low-income households. The penetration is considered good since approximately 9.01 percent of the households within the assessment area are below the poverty level. The low interest rate environment in 2003 helped many individuals in this income category purchase a home, which may have been more difficult in the past.

The Credit Union's penetration of low-income households does not appear to be hampered by the cost of homes in relation to income. This can probably be attributed to the wide range of products the Credit Union offers that make it possible for lower-income borrowers to qualify for homeownership. The median sales price of a single family home within the assessment area in 2004 ranged from a low of \$230,000 in Lawrence to a high of \$876,738 in Wellesley<sup>1</sup>.

To assist lower-income individuals achieve homeownership, the Credit Union has offered a number of in-house flexible products and government sponsored affordable housing programs. These programs allow for expanded debt-to-income ratios and lower downpayment requirements.

#### **IV. Community Development Lending**

The Credit Union's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent the institution has demonstrated leadership in community development lending.

The Credit Union has provided community development financing in the form of construction loans and permanent financing that promote affordable housing. These loans were made to non-profit organizations in conjunction with FHLB and statewide government sponsored programs that included the Credit Union's assessment area.

#### **V. Innovative or Flexible Lending Practices**

The Credit Union has a traditional first time homebuyer product with flexible underwriting guidelines. This program is designed to make it easier to qualify for a home mortgage. Low and moderate-income borrowers can benefit by the no point reduced costs or no closing cost programs, low discounted interest rate, reduced downpayment and expanded ratios. Under this program, in 2003, the Credit Union made 13 loans totaling \$2,752,750 and in 2004, the Credit Union made 23 loans totaling \$4,820,550.

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<sup>1</sup> Based on Banker and Tradesman Town Statistics as of December 2004

In 2003, under the Credit Union's flexible underwriting offerings, 18 loans were originated totaling \$3,257,050. In 2004, under the Credit Union's flexible underwriting programs, 35 loans were originated totaling \$8,124,750.

The Credit Union has partnered with Fannie Mae through the "American Dream" initiative. This partnership allows the Credit Union to offer affordable housing programs for low- and moderate-income borrowers of one to four-family homes. The loans are low down payment, high LTV mortgages with flexible credit guidelines. The core features include a minimum contribution of \$500 from the borrower's own funds, no monthly reserves, and credit and income source flexibilities. In March 2004, the Credit Union was approved by Fannie Mae to participate in this program.

In September 2004, the Credit Union introduced four new mortgage programs that provide members with more choices and additional opportunity for home-ownership. These programs include the following:

**Investment Properties** for 1 to 4 family properties with conforming loan limits up to 90 percent loan to value.

**FNMA Expanded Approval** on 1 to 2 unit and condominium properties with conforming loan limits, financing up to 100 percent loan to value with credit risk based pricing. One loan was granted in 2004 for \$147,250.

**My Community Mortgage** for 1 to 2 unit and condominium properties with conforming loan limits, financing up to 100 percent loan to value. This program has income limitations and is geared to low- and moderate-income borrowers and/or underserved neighborhoods. It is a streamlined product platform with multiple flexibilities, no down payment, and easier qualifying terms. Borrowers can contribute as little as \$500 to the transaction. Down payment can come from a wide range of sources, such as a gift, grant, or loan from a nonprofit organization, municipality or employer. No cash reserves are required at closing. In 2004, one loan was granted totaling \$210,000.

**Flexible Mortgages** on 1 to 2 units and condominiums with conforming loan limits, financing up to 100 percent loan to value and no income limitations.

The Credit Union offers a credit card program called the Jewish Federation of the North Shore (JFNS) Platinum Visa Credit Card. This card is an affinity card supporting the JFNS. The JFNS supports less fortunate families in the North Shore community. This card offers 1 percent cash back on all purchases. The 1 percent is split equally between the JFNS and the cardholder. For corporate cards, the entire 1 percent will go back to the company's agency of choice at the JFNS.

The Credit Union also offers low car rates to members who donate their cars to the Special Olympics. This gives the donators an incentive to make the donation and provides them with a lower rate to purchase a new car.

## VI. Fair Lending Policies and Practices

The Credit Union's fair lending practices were reviewed to determine how they relate to the guidelines set forth in Regulatory Bulletin 2.3-101, the Division of Banks' Community Reinvestment and Fair Lending Policy. The Credit Union maintains a formal fair lending policy. The Credit Union's fair lending policy and procedures address specific areas such as a second review, staff training, fair lending procedures, a loan application and evaluation process as well as applicable rules and regulations regarding the anti-discrimination statutes.

Employees are provided with training appropriate to their job description and their responsibilities relative to the Credit Union's fair lending standards. This includes information regarding both technical requirements and the more substantive and subtle issues related to unintentional discrimination and quality of assistance.

Officers and employees of the Credit Union are involved with community organizations that allow them to better ascertain the needs of the community. Marketing efforts appear to reach individuals of all income levels and effectively cover the entire assessment area. Management refers all loan customers whose home loan is delinquent to the appropriate credit counseling agency. A file review of residential mortgage loans gave no indication of any discriminatory practices.

### Minority Application Flow

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable applications the Credit Union received from minority applicants. Between January 1, 2003, and December 31, 2004, the Credit Union received a total of 1,324 residential loan applications from within its assessment area. During this period, a total of 245 applications were received from minority applicants. Of the total applications received from minority applicants 77, or 31.43 percent, were denied. Refer to the following table for further details.

MINORITY APPLICATION FLOW*								
Race	Aggregate Data 2003		Credit Union Data 2003		Credit Union Data 2004		Credit Union Total	
	#	%	#	%	#	%	#	%
Native American	681	0.27	0	0.00	1	0.18	1	0.08
Asian	7,975	3.20	30	3.83	13	2.41	43	3.24
Black	4,111	1.65	31	3.95	30	5.56	61	4.60
Hawaiian/Pacific I.			-	-	2	0.37	2	0.15
Hispanic	12,070	4.85	69	8.80	55	10.18	124	9.37
Joint			-	-	9	1.67	9	0.68
Other	4,724	1.90	5	0.64	-	-	5	0.38
Total Minority	29,561	11.88	135	17.22	110	20.37	245	18.50
White	161,761	65.00	648	82.65	420	77.78	1,068	80.67
NA	57,543	23.12	1	0.13	10	1.85	11	0.83
<b>Total</b>	<b>248,866</b>	<b>100.0</b>	<b>784</b>	<b>100.0</b>	<b>540</b>	<b>100.0</b>	<b>1,324</b>	<b>100.0</b>

\*Source: PCI Services, Inc., CRA Wiz Software.

The Credit Union application flow was compared to the 2003 aggregate data for all other HMDA reporters within the assessment area. In addition, the Credit Union's minority application flow was compared to the racial composition of the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's application flow.

Aggregate information for 2003, as shown in the preceding table, indicated that 11.88 percent of the total applications received from all other HMDA reporters were from minority applicants. By comparison, the Credit Union's minority application flow is higher than the aggregate, with 17.22 percent of total applications received from minority applicants in 2003. The Credit Union's minority denial rate is significantly higher than that of the aggregate. Aggregate data indicates that the minority denial rate for 2003 stood at 18.20 percent in contrast to the Credit Union's minority denial rate of 31.11 percent. It should also be noted that 23.12 percent of the applications received by the aggregate were N/A. This may skew the percentage of applications received from minorities and non-minorities.

According to the 2000 U.S. Census Data, the assessment area contained a total population of 1,457,502 individuals. Minority individuals accounted for 20.08 percent of the total population. While both the Credit Union, as well as the aggregate minority application flow for 2003 trails the assessment area's minority population rate, as noted above, the Credit Union's minority application flow is higher than that of the aggregate and is much closer to the assessment area's minority population rate.

## ***VII. Loss of Affordable Housing***

The Credit Union's lending programs that include community development and flexible underwriting have assisted low- and moderate-income members to remain in their neighborhoods.

## **Conclusion – Lending Test**

The Credit Union's responsiveness to community credit needs is good. The majority of the Credit Union's residential loans were originated inside the assessment area. The distribution of loans among borrowers of different income levels is good. In addition, the Credit Union's record of helping to serve the credit needs of low and moderate-income geographies and low- and moderate-income borrowers is good. The Credit Union makes good use of innovative and flexible lending programs. The Credit Union has granted a reasonable amount of community development loans. Based on the aforementioned, the institution's overall lending performance is considered High Satisfactory.

## **SERVICE TEST**

The Service Test evaluates an institution's record of helping to meet the credit needs of the assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Overall, the Credit Union has demonstrated a good performance with regard to the service test criteria. Retail banking services and products appear to offer members the flexibility and convenience expected of an institution of its size and resources. The Credit Union offers a broad array of products in order to meet the needs of its members. The following details the Credit Union's services.

### **RETAIL BANKING SERVICES**

#### **Distribution of Branches**

In addition to its main office, the Credit Union operates five full-service branch offices in Chelsea, Peabody, Lawrence, Framingham and Burlington. The Credit Union also operates an educational branch at Chelsea High School for withdrawals and deposits only. The Chelsea High School branch, staffed by students, is limited to students and school personnel and only operates during the school year. The distribution of offices provides easy access to services for members of all income categories and geographies including low and moderate-income geographies.

#### **Record of Opening and Closing Branches**

The Credit Union maintains a formal Branch Opening/Closing Policy, which outlines appropriate procedures to be followed should the decision be made to close or open an office. The current policy was last reviewed, revised and approved by the Board on May 27, 2004. No offices have been closed since the previous examination. However, a new branch located at 90 Spruce Street in Chelsea was opened on March 1, 2004. This branch location was acquired as part of a merger with Carmel Credit Union.

#### **Alternative Retail Banking Services**

Services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of the Credit Union's assessment area. All of the full service offices provide extended hours during the week and the drive-up window at the main office opens earlier to provide additional convenience for its members. Of the 186 employees at the Credit Union, 37 are bi-lingual. This provides a service to members of different ethnic backgrounds. A second language directory has been instituted at the Credit Union, whereby a list is maintained of all employees who are fluent in a language other than English.

The Credit Union operates a total of 16 ATM Machines. Two are located in Chelsea, one at the main office and the other on Spruce Street in Chelsea, one in Burlington, two in Lawrence, three in Billerica, one in Woburn, one in Wellesley, two in Andover, one in Quincy, one in Bedford, one in Wilmington, and one in Brighton. Twelve of the ATMs are cash dispensing only and do not accept deposits. All ATMs are linked to the Cirrus, NYCE, TX, Exchange, and SUM networks. The SUM network is a surcharge-free alliance of several financial institutions that include over 1,000 ATMs throughout Massachusetts. The Credit Union's members can avoid ATM surcharges when conducting business at alliance members ATMs that bear the SUM logo.

The Credit Union participates in the NYCE Shared Deposit Program, a program similar to the SUM program. The Shared Deposit Program enables members the convenience of making deposits at participating NYCE ATMs throughout the Commonwealth and have those funds credited to their account at Metropolitan Credit Union.

Members and potential members can access the Credit Union's website at [www.metrocreditunion.com](http://www.metrocreditunion.com) for general information on the Credit Union and on products and services offered. In addition, Internet banking facilities allow access to the Credit Union's services by allowing members to access their account balances, review account history, reconcile accounts, withdraw funds, transfer funds, and pay bills. Members can also apply for loans by using this site.

The Credit Union offers members 24-hour account access through its automated telephone banking system known as Metropolitan Audio Telephone Teller (MATT). By utilizing MATT, members can access their accounts, obtain balance inquiries, transfer funds from one account to another, and determine if a check has cleared. This service is available to all members in both English and Spanish and is free of charge. Additional telephone services allow members to obtain rate information and apply for a loan during regular business hours.

Bank by mail service is provided to all of the Credit Union's members and prospective members.



## **COMMUNITY DEVELOPMENT SERVICES**

The CRA regulation defines a community development service as a service that is primarily for a community development purpose, and is related to the provision of financial services. Detailed below are the Credit Union's qualified community development services.

A Vice President of the Credit Union is involved with a program affiliated with the Greater Boston Affordable Housing Development Competition and he was a finance mentor for college students in this program. Also, this individual is a member of the Credit Union League of Massachusetts Social Responsibility Committee of the Homeless Trust Coalition. Through the Trust's partnership with the Massachusetts Coalition for the Homeless money is collected and donated to help homeless families in Massachusetts.

A Senior Vice President of the Credit Union is involved in Camp Rotary. This camp is for Chelsea children who come from below poverty level families who would otherwise not have the chance to attend summer camp. She also serves on the advisory board for the Revere, Chelsea, and Winthrop Elders Services. This is a service program that helps elders who are at risk because they are unable to pay their basic rent, food and utility bills on time. The money management program provides basic bill paying services to low income elders.

The President is a former Chairman of the Chelsea Commission Hispanic Affairs-Small Business Resources Center.

An Assistant Vice President is a member of the Project Committee for the Chelsea Neighborhood Housing Services.

A representative of the Credit Union serves on the advisory committee of the Chelsea-Revere-Winthrop Home Care Center Area Agency (Aging Money Management Program).

A branch manager is a Board Member of the Framingham Fair Housing Committee.

A branch manager is on the Board of the Peabody Citizens for Adequate Housing. This organization is dedicated to providing affordable housing to low income/welfare families.

In February 2003, the Credit Union participated in the Shadowing/Mentoring Program with the LARE Training Center in Chelsea. LARE has incorporated a Mentoring Program to give youths an opportunity to see the workforce of a company in their community.

In September 2004, the Credit Union assisted in the Federal Home Loan Bank of Boston's Affordable Housing Program (AHP) application for the construction of a 24-unit permanent housing development with supportive services for families affected by domestic violence. The permanent affordable housing development includes extensive rehabilitation and new construction of a former commercial building in Chelsea. The construction will include substantial rehabilitation and new construction of a long time vacant commercial building.

The project will target individuals and families emerging from homeless situations such as shelters and domestic violence emergency shelters as well as from transitional residences.

In February 2005, the Credit Union entered into a memorandum of understanding with the Lawrence Community Works (LCW) a private 501(c) (3) nonprofit community development corporation in the City of Lawrence. The agreement established an economic literacy, matched savings, and asset development program for low- and moderate-income women in Lawrence administered by LCW. The purpose of the Assets Builds Communities Individual Development Account Program (ABC) is to help low-income families build tangible and intangible assets thus breaking the cycle of poverty and increasing family stability. The Credit Union will host savings accounts and provide partial match funding for 12 women in the ABC program.

### **Educational Services and Seminars**

An educational facility was established at Chelsea High School in 1997. This limited service branch is opened during the school year, three days a week. The Credit Union's Training Manager has provided many students with practical experience through their involvement with the branch's daily operations and education in financial responsibility including the proper use of credit. This service also provides an opportunity for students involved to develop work skills and gain knowledge of a business environment. Students are given job applications and are interviewed for the opportunity for an internship at the high school branch. The selected interns complete a training program, which includes general business skills, quality service and sales and product training. Students who work at the school branch are eligible for scholarships from the Credit Union.

The Credit Union participated in two first time home buyer fairs in 2004. They were held at the Chelsea Wyndham Hotel in Chelsea and the Credit Union's Lawrence branch office. The Credit Union also conducted a home buying presentation in 2004 in Cambridge.

A Vice President of the Credit Union met with representatives from the Latimus Society of Chelsea. This organization provides after school programs and mentoring for teenagers living in Chelsea. The Credit Union has also offered mentoring services to the teenagers.

A branch manager of the Credit Union is a facilitator for basic banking classes at Lawrence High School. On a weekly basis a staff member from the Lawrence branch visits the elementary schools to discuss banking.

An Assistant Vice President is involved with Lawrence Community Works, where she offers home buying seminars and credit counseling. Lawrence Community Works offers a program that provides counseling and educational services to low and moderate income individuals looking to purchase their first home.

In 2003 and 2004, the Credit Union participated in various educational seminars within their assessment area and offered presentations on money management and informed the attendees of the products and services offered by the Credit Union.

## **Conclusion - Service Test**

As depicted above, the Credit Union's systems for delivering retail banking services are readily accessible to geographies and individuals of different income levels within its assessment area. The Credit Union's officers and employees have provided a good level of service activities and involvement in community organizations primarily for community development purposes and related to the provision of financial services. Many of the organizations that management and employees have participated in promote economic and community development or target the revitalization of depressed communities. Credit Union management and staff have sponsored and participated in numerous educational seminars. Based on this review, the Credit Union's overall performance in providing services is considered "High Satisfactory."

## **APPENDIX A**

### **SCOPE OF EXAMINATION**

#### **METROPOLITAN CREDIT UNION**

**SCOPE OF EXAMINATION:** The examination included an on-site analysis of all HMDA reported loans for the period noted below.

Residential aggregate loan data was reviewed during the examination and included comparative loan data of competing institutions. METROPOLITAN CREDIT UNION has one assessment area, which was reviewed using the large institution examination procedures.

**TIME PERIOD REVIEWED:** January 1, 2003 to December 31, 2004

**PRODUCTS REVIEWED:** HMDA-reportable Loans

**THE COMMONWEALTH OF MASSACHUSETTS**

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**METROPOLITAN CREDIT UNION**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **FEBRUARY 28, 2005**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

